



**MULTINATIONAL CORPORATION (MNC) AS
FOREIGN POLICY ACTOR:
A CASE STUDY ON PETROLIAM NASIONAL
BERHAD (PETRONAS)**

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**BACHELOR OF BUSINESS ADMINISTRATION
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UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA
MELAKA**

OCTOBER 2009



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“DECLARATION OF ORIGINAL WORK”

I, AHMAD SHAFEZ BIN ADIL,

(I/C: 860112-01-5291)

Hereby, declare that;

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation except otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

DATE: OCTOBER 2009

The Head of Program
Bachelor of Business Administration
(Hons) International Business
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No.110, Off Jalan Hang Tuah
75200 Melaka

Dear Sir/Madam,

SUBMISSION OF FINAL REPORT

Attached is the final report titled "**MULTINATIONAL CORPORATION (MNC) AS FOREIGN POLICY ACTOR: A CASE STUDY ON PETROLIAM NASIONAL BERHAD (PETRONAS)**" to fulfill the requirement as needed by Faculty of Business Management Universiti Teknologi Mara.

Thank You.

Your Sincerely,

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LETTER OF TRANSMITTAL

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Dear Sir,

SUBMISSION OF FINAL REPORT

Enclosed herewith is a thesis entitled “**MULTINATIONAL CORPORATION (MNC) AS FOREIGN POLICY ACTOR: A CASE STUDY ON PETROLIAM NASIONAL BERHAD (PETRONAS)**”. I hope this thesis will meet requirement and expectation from you and the faculty. I thank you very much for all the guidance and support you have generously rendered upon the completion of the thesis.

THANK YOU VERY MUCH FOR YOUR TIME AND CONSIDERATION.

Your Sincerely,

AHMAD SHAFEZ BIN ADIL
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ABSTRACT

Petroliam Nasional Berhad (PETRONAS) is a Malaysia's leading oil and gas multinational company. From the establishment of the company on August 17th, 1974 until recent year, its contribution in term of dividends, royalties, and export duties are getting increased. This study is to identify the role of Multinational Corporation (MNC), in this case PETRONAS in international arena in term of economic and politics. Do they practice the foreign policy that formulated by the government of Malaysia.

The study are comparing with the ideology that Uhlin identifies which is Liberal theory, Mercantilist theory and Imperialism theory. From the theories, there are some theories in the three theories that practice by the government as well as PETRONAS. This is because; government of Malaysia is practicing "Mixed Economy". Mixed economy is an economic system that includes a variety of public and government control, or a mixture of capitalism (Liberalism) and socialism. Malaysia has diplomacies relationships with other government around the world. There are approximately more than 40 countries around the world. As a result, PETRONAS has operated more than 32 countries that all of the countries have good diplomacies relationships with the government of Malaysia. PETRONAS have brought the name of Malaysia around the world.

In this study found that PETRONAS practice the foreign policy that formulate by the government of Malaysia. PETRONAS should maintain the policy. Furthermore, PETRONAS need to be alert by the out side threat such as political changes, economic downturn, socio-culture changes, technological changes and the existing or a new competitors that might threat them. For example, political changes usually lead to changes in government rules and policies such as ownership control and fund transfer restrictions.